

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7061

BILL NUMBER: SB 232

NOTE PREPARED: Feb 2, 2004

BILL AMENDED: Jan 27, 2004

SUBJECT: Real Estate Brokers and Salespersons.

FIRST AUTHOR: Sen. Server

FIRST SPONSOR:

BILL STATUS: As Passed Senate

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill provides that an out-of-state commercial broker or salesperson licensed in another state may practice in Indiana without an Indiana license if the out-of-state commercial broker or salesperson meets certain requirements. It provides that a licensed nonresident broker may act as a broker in Indiana if the broker meets certain requirements. The bill also repeals the residency requirement for brokers.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues: *Out-of-State Commercial Broker/Salesperson* - This bill allows an out-of-state commercial broker or out-of-state salesperson to perform, without a license, acts related to commercial real estate that would otherwise require an Indiana license. Such a commercial broker or salesperson must meet certain requirements, such as working in cooperation with a broker that is licensed in Indiana. This provision could potentially have a fiscal impact on the Professional Licensing Agency if less revenue is generated due to out-of-state commercial brokers or salespersons not seeking licensure in Indiana.

(Revised) Indiana Residency Requirement - The bill removes the Indiana residency requirement for brokers and salespersons who hold a broker's or salesperson's license in another state and who has practiced in that jurisdiction for the previous two years. When certain conditions are met, such brokers or salespersons may obtain a broker or nonresident salesperson license in Indiana. If this provision leads to additional broker or salesperson licenses issued to nonresidents, the amount of license revenue generated could increase.

The fiscal impact of this bill is dependent on the number of out-of-state or nonresident brokers or salespersons

who wish to practice in Indiana.

Background - Currently, a broker license costs \$50 and a salesperson license costs \$25. An additional fee, that may not exceed \$15, may be attached to the license cost for deposit in the Real Estate Recovery Fund. Fees for licenses issued under the Real Estate Commission generated \$1M in FY 2003 and \$725,000 in FY 2002. As of August 2002, the Real Estate Commission regulated approximately 47,000 broker and salesperson licenses.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Professional Licensing Agency.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Valerie Ruda, 317-232-9867.